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Philippines

Grain and Feed Update

Philippine Grain and Feed Update

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Report Highlights:

The Philippine flour milling industry has filed an anti-dumping duty petition on Turkish flour, which now comprises 82 percent of wheat flour imports and currently sells for around P600 (\$13.65) per 25 kilogram bag compared to the P740 (\$16.80) per kilogram bag of comparable “soft” flour sold by local flour millers. According to trade associations, this is the result of a Turkish government subsidy that allows their flour exporters to sell at a much lower price than the Turkish domestic price. Industry reports that U.S. wheat sales to the Philippines in early MY 13/14 (June 1 to Sep. 19, 2013) are down 24 percent due to strong competition from Canadian wheat. Despite a downward adjustment to corn production as a result of two major weather-related events in September 2013 (typhoon Utor and tropical storm Trami), Post forecasts corn output in MY 13/14 will still surpass MY 12/13 levels by

roughly 90,000 MT and reach 7.35 million MT due to increased use of improved seeds, better yields and a slight expansion in area harvested. Despite Philippine Department of Agriculture (DA) and industry reports of expanding production, rice prices have been increasing in MY 13/14. According to local press reports, milled rice prices in some retail outlets have increased to P35-37 (\$0.80-0.84) per kilo in early September from P32-34 (\$0.73-77) per kilo in July.

Post:
Manila

Commodities:
Wheat

Corn

Rice, Milled

Author Defined:
Wheat

According to industry estimates, wheat flour has grown from comprising four percent of milling wheat imports in MY 10/11 to its current ten percent market share. Industry reports that this rapid uptick is the result of increased use of Turkish flour which now comprises 82 percent of wheat flour imports and currently sells for around P600 (\$13.65) per 25 kilogram bag compared to the P740 (\$16.80) per kilogram bag of comparable “soft” flour sold by local flour millers. According to trade associations, this is the result of a Turkish government subsidy that allows their flour exporters to sell at a much lower price than the Turkish domestic price. In response, the Philippine flour milling industry filed an anti-dumping duty petition in June 2013, which calls for the government to increase Turkish flour import duties from 7 to 20 percent. After completing an investigation with stakeholders and affected groups, the DA will recommend whether or not to raise Turkish flour duties to the Philippine Tariff Commission. Local baking associations have expressed their opposition to the anti-dumping petition.

According to the trade, U.S. wheat sales to the Philippines in early MY 13/14 (June 1 to Sep. 19, 2013) are down 24 percent (compared to the same time last year) due to strong competition from Canadian wheat. Overall wheat imports in MY 13/14 are likely to remain at MY 12/13 levels (which have been adjusted to 3.58 million MT to reflect the most recent GTA data) as adequate stocks and an expected modest reduction in feed wheat demand offset a slight expansion in milling wheat use. Feed wheat (from Black Sea sources) is currently sold locally at P13.50-14.00 (\$0.31-0.32) per kilo, according to industry contacts, which is marginally cheaper than the prevailing corn price of P14.00-14.50 (\$0.32-0.33) per kilo. However, as contacts from the DA and industry expect a strong harvest in the later part of 2013, Post anticipates corn will shortly once again become the preferred feed grain for domestic end users.

Corn

Despite a downward adjustment to corn production as a result of two major weather-related events in September 2013 (typhoon Utor and tropical storm Trami), Post forecasts corn output in MY 13/14 will still surpass MY 12/13 levels by roughly 90,000 MT and reach 7.35 million MT. According to DA and industry contacts, better-than-expected production is likely in the 3rd and 4th quarters due to the continued increase in use of improved seeds, a slight expansion in area harvested and better yields.

A downward adjustment was made to MY 12/13 imports to reflect the most recent GTA data. Post also applied a downward adjustment to MY 13/14 imports as a result of the anticipated strong production.

Rice

The negative impact of Utor and Trami on rice production has been minimal (12,461 MT in 27 hectares, according to the DA) and the MY 13/14 production forecast remains unchanged at up two percent (compared to the previous year) to 18.57 million MT. Despite DA and industry reports of expanding production, rice prices have been increasing in MY 13/14. According to local press reports, milled rice prices in some retail outlets have increased to P35-37 (\$0.80-0.84) per kilo in early September from P32-34 (\$0.73-77) per kilo in July. As increased rice prices are likely to result in reduced demand, consumption is expected to slightly diminish in MY13/14 (compared to the previous year).

MY12/13 imports in the PSD include an estimated 400,000 tons of undocumented imports. Imports in MY13/14 are likely to decline from the previous year's level due to improved local production.

Production, Supply and Demand Data Statistics :

Wheat Philippines	2011/2012		2012/2013		2013/2014	
	Market Year Begin: Jul 2011		Market Year Begin: Jul 2012		Market Year Begin: May 2013	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	0	0	0	0	0	0
Beginning Stocks	658	658	1,044	1,044	834	839
Production	0	0	0	0	0	0
MY Imports	4,075	4,075	3,625	3,580	3,800	3,580
TY Imports	4,075	4,075	3,625	3,580	3,800	3,580
TY Imp. from U.S.	2,151	2,151	1,785	1,795	0	1,795
Total Supply	4,733	4,733	4,669	4,624	4,634	4,419
MY Exports	39	39	50	0	50	0
TY Exports	39	39	50	0	50	0
Feed and Residual	1,375	1,375	1,500	1,500	1,450	1,450
FSI Consumption	2,275	2,275	2,285	2,285	2,295	2,295
Total Consumption	3,650	3,650	3,785	3,785	3,745	3,745
Ending Stocks	1,044	1,044	834	839	839	674
Total Distribution	4,733	4,733	4,669	4,624	4,634	4,419

1000 HA, 1000 MT, MT/HA

Corn Philippines	2011/2012		2012/2013		2013/2014	
	Market Year Begin: Jul 2011		Market Year Begin: Jul 2012		Market Year Begin: Jul 2012	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	2,556	2,556	2,557	2,557	2,600	2,600
Beginning Stocks	691	691	623	623	584	579
Production	7,130	7,130	7,261	7,261	7,400	7,350
MY Imports	202	202	100	95	75	40
TY Imports	214	214	100	15	75	40
TY Imp. from U.S.	17	17	0	0	0	0
Total Supply	8,023	8,023	7,984	7,979	8,059	7,969
MY Exports	0	0	0	0	0	0
TY Exports	0	0	0	0	0	0
Feed and Residual	5,300	5,300	5,400	5,400	5,500	5,500
FSI Consumption	2,100	2,100	2,000	2,000	2,000	2,000
Total Consumption	7,400	7,400	7,400	7,400	7,500	7,500
Ending Stocks	623	623	584	579	559	469

